Indo-Nepal Trade Treaty

3690. SHRI BHAGATRAM MANHAR: Will the Minister of EXTERNAL AFFAIRS be pleased to state:

(a) whether it is a fact that Indo-Nepal Trade Treaty 1996 provides for import of customs duty free goods from Nepal;

(b) the details of such goods that are being imported from Nepal;

(c) whether such imports of goods of Nepalese origin or otherwise have adversely affected our industry, particularly SSI units; and

(d) if so, the preventive measures that are being taken to prevent such adverse impact on our industry, making it difficult for them to sustain this onslaught from Nepal?

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI KRISHNAMRAJU): (a) and (b) Yes, Sir. The Indo-Nepal Treaty of Trade provides access to the Indian market, free of customs duties, for all articles manufactured in Nepal. This facility is however not available to three items, namely (i) alcoholic liquors/beverages, (ii) perfumes and cosmetics and (iii) cigarettes and tobacco. Import into India of these three items from Nepal attract applicable customs duties.

(c) and (d) Complaints have been received by Government from Indian industry including Small Scale Industries conveying that duty free imports from Nepal have been adversely affecting them. Action has been initiated for consultations under "surge" provisions of the Indo-Nepal Treaty of Trade with a view to safeguard the interests of the Indian industry.

Government of India has also proposed clarifications in the Rules of Origin to have a clearer definition of what constitutes "manufacturing" for purposes of availing duty free access in to India of Nepalese products under the Treaty.